

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY	)	
POWER COMPANY FOR (1) A GENERAL	)	
ADJUSTMENT OF ITS RATES FOR	)	
ELECTRIC SERVICE; (2) APPROVAL OF	)	
TARIFFS AND RIDERS; (3) APPROVAL OF	)	CASE NO.
ACCOUNTING PRACTICES TO ESTABLISH	)	2020-00174
REGULATORY ASSETS AND LIABILITIES; (4)	)	
APPROVAL OF A CERTIFICATE OF PUBLIC	)	
CONVENIENCE AND NECESSITY; AND (5)	)	
ALL OTHER REQUIRED APPROVALS AND	)	
RELIEF	)	

COMMISSION STAFF'S SIXTH REQUEST FOR INFORMATION  
TO KENTUCKY POWER COMPANY

Kentucky Power Company (Kentucky Power), pursuant to 807 KAR 5:001, is to file with the Commission an electronic version of the following information. The information requested herein is due on November 2, 2020. The Commission directs Kentucky Power to the Commission's March 16, 2020 and March 24, 2020 Orders in Case No. 2020-00085<sup>1</sup> regarding filings with the Commission. The Commission expects the original documents to be filed with the Commission within 30 days of the lifting of the current state of emergency. All responses in paper medium shall be appropriately bound, tabbed, and indexed. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

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<sup>1</sup> Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Mar. 16, 2020), Order at 5–6. Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Mar. 24, 2020), Order at 1–3.

Each response shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Kentucky Power shall make timely amendment to any prior response if Kentucky Power obtains information that indicates the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Kentucky Power fails or refuses to furnish all or part of the requested information, Kentucky Power shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Kentucky Power shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Provide a detailed list of all rate base expenses that Kentucky Power will no longer incur following the termination of the Rockport UPA in December 2022.

2. Explain whether Kentucky Power plans to file a rate case after the termination of the Rockport UPA in December 2022.
3. Provide the hours when the PJM Locational Marginal Price was below Kentucky Power's generating costs for every hour that Kentucky Power operated its generating units in must run status.
4. Explain why Kentucky Power did not separate Tariff NMS customers in the filed Cost of Service Study.
5. Provide the amount of expense Kentucky Power incurred in 2018, 2019, and to date in 2020 that is related to net metering. Include a breakout spent on lobbying, rate design and development, outside consultants, etc.
6. Provide an analysis of annual average usage by 100 kWh increments and number of customers whose annual usage is within that increment for the test year.
7. Regarding the Mitchell coal inventories, explain whether Kentucky Power uses cash working capital or uses short-term debt for coal purchases.
8. Provide the monthly capital structure for 2018, 2019, and to date 2020 in Excel spreadsheet format with all formulas intact and unprotected and all rows and columns accessible.
9. For the test year, provide the monthly amount of non-recurring revenue broken out by category, such as late fees, disconnect and reconnect charges.
10. Refer to the Application, Exhibit D, page 10 of 185, second paragraph under Underground Service, and Kentucky Power's response to Staff's Fifth Request, Item 4a. Assuming the original proposed language is modified to make payment arrangements with cities rather than collecting the cost differential under a franchise fee billing line item,

explain whether the real estate developer of a new subdivision would be responsible for paying the difference between the anticipated cost of the underground facilities and the cost of overhead facilities if a municipal ordinance requires underground service or if the city would be responsible for the cost differential.

11. Refer to the Application, Exhibit D, pages 95 through 97 of 185, proposed Tariff COGEN/SPP II. Also refer to 807 KAR 5:054, Section 7(4). Explain whether Kentucky Power negotiates the final purchase rates for qualifying facilities served under Tariff COGEN/SPP II.

12. Refer to the Application, Direct Testimony of Alex Vaughn, page 48, line 11 through page 49, line 4, which describes Adjustment W47 - Adjust Test Year Rockport UPA Expense, an increase to the test year Rockport Unit Power Agreement (UPA) expenses for a change in the operating ratio related to the Rockport Unit 2 Selective Catalytic Reduction (SCR) going into service in June 2020. Refer also to the Direct Testimony of Lerah Scott, page 4, line 17, through page 5, line 5, which explains that the costs associated with the Rockport Unit 2 SCR will be recovered exclusively through Kentucky Power's Environmental Surcharge Tariff because the Rockport Unit 2 SCR went into service outside the test year.

a. Explain why the operating ratio would affect the Rockport UPA expenses recovered through base rates, given that the Rockport Unit 2 SCR is recovered exclusively through Kentucky Power's Environmental Surcharge.

b. Confirm that the operating ratio is based on the total plant, including CWIP, such that it essentially removes CWIP from the rate base calculation. If this cannot be confirmed, explain.

13. Refer to the Application, Direct Testimony of Brian K. West, page 8, line 17, through page 9, line 5, regarding using an additional portion of the remaining unprotected excess accumulated deferred income tax (ADIT) balance to offset the increase in its revenue requirement for base rates for 2021 approved in this case. State when Kentucky Power proposes to recognize the write off of the remaining unprotected excess ADIT balance that will be used in the offset.

14. Explain whether Kentucky Power obtains an additional easement from the landowner when it widens the right-of-way to cut down hazard trees, and if not, explain how Kentucky Power widens the right-of-way to cut down hazard trees outside its current right-of-way.

15. Refer to Kentucky Power's response to Commission Staff's Third Request for Information Item 1, Attachment KPCO\_R\_KPSC\_3\_1\_Attachment 29\_VaughanWP15.xlsx.

a. Provide supporting calculations for the "Return on Common Equity" and "Return on Other Capital" used to calculate the "Total Return."

b. Explain why Kentucky Power used March 2020 to calculate this adjustment.

c. Explain why Kentucky Power multiplied the March 2020 variance by 0.3 to calculate "Monthly KPCo Increase in non-SCR return."

16. Refer to Kentucky Power's response to Commission Staff's Fourth Request for Information (Staff's Fourth Request), Item 109. For each economic development project, provide a schedule in Excel spreadsheet format with the total cost of the project, the dollar amount of funds for the project that were derived from the Kentucky Power

Economic Growth Grant (K-PEGG) and the dollar amount of funds for the project that were derived from Kentucky Power shareholder funds..

17. Refer to Kentucky Power's response to Staff's Fourth Request, Item 117. Provide the percentage of rebuilt, reconducted, and replacement poles installed since December 31, 2017, as compared to Kentucky Power's total number of poles.

18. Refer to Kentucky Power's response to Joint Intervenors' First Request, Item 12, Attachment at line 34. Explain why the \$15 million Rockport UPA deferral is allocated to non-jurisdictional customers.

19. Refer to Kentucky Power's response to Joint Intervenors' Second Request for Information, Item 24, which states that Kentucky Power has a contract with one Qualifying Facility for parallel generation. State whether Kentucky Power has filed the contract with the Qualifying Facility with the Commission. If not, explain why not.

20. Refer to Kentucky Power's response to Joint Intervenors' Second Request for Information, Item 44. Provide the amount and percentage of the Edison Electric Institute (EEI) invoice that was attached to the response that is allocated to Kentucky Power for the test period, and provide the basis for the allocation.

21. Confirm that EEI's tax code designation is 501(c)(6).

22. Refer to Kentucky Power's response to Commission Staff's Fifth Request for Information (Staff's Fifth Request), Item 1. Confirm that a customer's choice regarding the order of the demand discounts will be included in any Economic Development contracts filed with the Commission.

23. Refer to Kentucky Power's response to Staff's Fifth Request, Item 2a, Attachment 1, which provides guidelines for facilities that qualify to be owned by AEP

Kentucky Transmission Company, Inc. (Kentucky Transco). Explain whether Kentucky Power has ceased purchasing, installing, and owning these types of facilities on behalf of Kentucky Power for new build or replacement purposes since the facilities guidelines became effective. If not, provide the annual amount expended for the facilities types enumerated in Kentucky Transco's facilities guidelines that Kentucky Power has placed into service since the facilities guidelines became effective.

24. Refer to Kentucky Power's response to Staff's Fifth Request, Item 2h and 2j(2)–(3).

a. Explain whether Kentucky Power is always informed when Kentucky Transco is performing work on the Transmission system.

b. Explain whether any Kentucky Power personnel perform work that is billed to Kentucky Transco. If so, provide that annual amounts billed to Kentucky Transco since the inception of Kentucky Transco.

c. Explain whether the transmission projects that Kentucky Transco has performed in Kentucky Power's service territory would have been performed by Kentucky Power if Kentucky Transco had not been formed.

d. Explain whether the annual transmission revenue requirement that is on Kentucky Transco's books would be on Kentucky Power's books if Kentucky Transco had not been formed, and if not, explain why not.

25. Refer to Kentucky Power's response to Staff's Fifth Request, Item 3. Confirm that the amount of any customer's deposit will never exceed two-twelfths of the customer's actual or estimated annual bill.

26. Refer to Kentucky Power's response to Staff's Fifth Request, Item 5, Attachment 1. Explain whether Kentucky Power is also proposing to revise the monthly maintenance charge under the proposed flexible lighting option under Tariff OL from \$1.20 per month to \$0.80 per month.

27. Refer to Kentucky Power's response to Staff's Fifth Request, Item 28, and to Kentucky Power's response to Commission Staff's Second Request for Information, Item 39. On a continuing basis through the end of the rate case, provide detailed invoices for legal services rendered in the monthly rate case expenses filing.

28. Refer to Kentucky Power's supplemental response to Staff's Fifth Request, Item 15, KPCS\_SR\_KPSC\_5\_15\_Attachment1.xlsx.

a. Refer to tab 2020KY 364 Poles & Towers.

(1) Confirm the consumer related portion is determined by the minimum system method.

(2) Provide the zero-intercept method and explain why the zero-intercept method was not employed.

b. Refer to tab 2020Ky 365 OH Conductors.

(1) Confirm the consumer related portion is determined by the minimum system method.

(2) Provide the zero-intercept method and explain why the zero-intercept method was not employed.

c. Refer to tab 2020KY 367 UG Conductors.

(1) Confirm the consumer related portion is determined by the minimum system method.

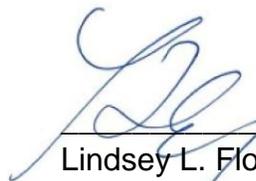
(2) Provide the zero-intercept method and explain why the zero-intercept method was not employed.

d. Refer to tab 2020KY 368 Transformers.

(1) Confirm the consumer related portion is determined by the minimum system method.

(2) Provide the zero-intercept method and explain why the zero-intercept method was not employed

29. Provide a graph with the distribution of residential billing energy consumption and bill amount on a monthly basis for 2018, 2019, and 2020 to date. Provide the data supporting this graph in Excel spreadsheet format with all rows and columns accessible and all formulas intact and unprotected.



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DATED OCT 20 2020

cc: Parties of Record

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